



TOOL TALK

A Publication of the Michigan Tooling Association

From Rob's Roost

by: Rob Dumont,
Managing Director



SUMMERTIME AND THE FEELIN' IS...

Summer has arrived and believe it or not, daylight hours are already getting shorter.

While many of our members report that the business atmosphere is improved, those same reports are very cautiously optimistic.

Now might well be the opportune time to assess your situation and determine what it is that has you positioned as you are. Have you realigned strategy? Did you learn something new or perhaps benefit from a negative experience? Are you leaner? How are things different now than they were a year ago?

Certainly factors external to your operation play a part in the improved atmosphere being experienced by the members referred to above. Those external factors are largely beyond your control and influence but, you must be doing something well and/or differently to be sharing in the improved atmosphere. There is merit in taking the time to identify the positives you have in place and build on or even add to them. If you have momentum, amplify it don't start to coast!

The MTA board is soon going to undertake a review of the direction of the Association and develop a strategic plan for going forward. More on the subject as developments occur.

Enjoy the summer as you will and take some time to smell your particular type of "roses".

www.mtaonline.com

Have you visited the MTA website yet today? You might be surprised to see what there is there.

The MTA website provides to you, its members, the access to the people, information and resources you need to stay competitive, successful and profitable while promoting the welfare of the tooling industry in Michigan.

Feel free to contact MTA with any ideas and information of interest to the membership. Remember that the Michigan Tooling Association is an association that exists of the members, by the members, and for the members—so you need to ***be an active participant.***

If you haven't visited our website yet, you owe it to yourself to do it today! www.mtaonline.com



MTA's 70th Annual Golf Outing was held on June 9th.

For more pictures of the event and a list of winners, see pages 4 & 5 of this edition of TOOL TALK.

Inside This Issue

- Page 2 Competitive Edge
- Page 3 Legislative Update
- Page 4&5 MTA's 70th Annual Golf Outing Highlites
- Page 6 From the Desk of Gary Wood
- Page 7 On the Road / In Memoriam / Legislative Update continued / Members in the News
- Page 8 Marketplace / Website / MTA Endorsed Service Providers List / CPI Figures

MTA Calendar of Events – July 2005

All seminars this month are being held at the MTA Training Center in Farmington Hills unless otherwise noted. See www.mtaonline.com 'Calendar' for more information on any event.

- 04 MTA offices closed for 4th of July
- 20 MTA Board of Directors meets
- 21 MTA WCF Board of Trustees meets



The Competitive Edge

The imprint of technology has had a profound effect on our lives. Futurists claim the world has progressed more technologically in the past 100 years than cumulative advancements in the previous 10,000 years. Acknowledging the need to upgrade equipment is the initial step to becoming technology smart. Taking action requires a bit more research. The MTA Discussion Forum at www.mtaonline.com was created to encourage and assist MTA members in the sharing of information and the exchange of ideas in order to strengthen networking opportunities and increase support among the members and the industry.

The MTA encourages members to use this important tool to discuss industry related topics with member companies engaged in the metalworking industry. The resources of the membership are a valuable tool when evaluating capital equipment acquisitions. The new MTA Discussion Forum fosters the Association charter of providing you access to the people, information, and resources necessary to research important business decisions.

The Michigan Tooling Association supports and enhances the membership and the tooling industry by providing vital industry information, and educational opportunities. Equipment leasing is the answer for many businesses in need of updated technology and capital equipment. According to the economic and financial forecasting company, Global Insight, leasing is used to acquire equipment in over half of U.S. businesses. Approximately one-third of new equipment acquisitions last year in the U.S. were leased. The study concluded multiple benefits impacting the U.S. economy by the equipment leasing and finance industry:

- Produced between \$100 billion and \$300 billion additional real GDP, which represents the output of goods and services produced by labor and property located in the United States.
- Produced between \$227 billion and \$229 billion additional real equipment investment.
- Created three to five million additional jobs.

As the improving economy releases pent-up demand for capital equipment, businesses in the metalworking industry may find their financial circumstances not rebounding fast enough to purchase new equipment. Business owners facing lease vs. loan decisions may be interested in knowing how leasing can enhance financial performance and capital productivity. A deeper understanding of the lesser-known points of leasing, including tax treatment, should also be considered. It is suggested that you speak to your tax advisor when evaluating a lease vs. purchase decision.

Leasing, accounts for over 30% of new equipment sold in the United States and is a thriving industry here and throughout the world. A recent study of more than 3,000 firms presents clear evidence that both large and medium size firms who lease have much higher profits than large and medium size firms that do not lease. Leasing allows small firms to finance their growth and/or survival while for large firms leasing appears to be a financial instrument used by sophisticated financial managers to minimize their after-tax cost of capital.

Equipment Leasing 101

Having enough capital to run and grow operations is a major concern for most businesses. Meeting tight payroll deadlines or maintaining inventory levels can be a strain on cash reserves. Applying the concepts of equipment leasing may be the key ingredient to freeing-up working capital and maintaining cash flow.

When it comes to putting down a large sum of cash or going to the bank for credit to buy or upgrade equipment, an equipment leasing option can be a better alternative for many businesses. Having your cash reserves invested in equipment makes you asset rich and cash poor. Cash poor companies cannot respond to changing market conditions or take advantage of new opportunities.

Equipment Leasing Advantages

- **Expense Item:** Monthly payments on a lease are often accounted for as an expense, whereas a loan is considered a debt.
- **Tax Savings:** The equipment bought on a loan is depreciated over several years but the lease monthly expenses can be deducted in the current year. Additionally, this may help maintain bank credit lines for business development investments.
- **Easier Funding:** Banks often require business plans and several years of banking and credit. An equipment leasing company will not need a business plan and may only require a completed lease application for transactions under \$75,000 or \$100,000.
- **100% Financing:** Most common leases will not just cover the cost of equipment, but include installation and maintenance cost, conserving even more cash for the business. A no down payment option may be available for equipment leasing.
- **Avoid the Technology Trap:** Ongoing advancements in technology tend to obsolete computerized equipment within a few years. Leasing this type of equipment allows you to upgrade systems every few years. If an asset depreciates over time, leasing may be the best option.

Given all the potential benefits of the equipment leasing business, owners should also understand the pitfalls in leasing. It is advisable to only associate with reputable leasing companies. Before you lease, decide if your business needs to own the equipment or merely use it. A strong vision of what the company's strategic direction is and of the future financial needs of the business are vital. If you are planning on selling the company in a few years, the higher net worth from equipment leasing can be more attractive to buyers. In the end, review or update your business plan and talk to your accountant.

The MTA is currently in discussions with the potential for a partnership with a leasing company located in Auburn Hills, Michigan. Please use the Discussion Forum (at www.mtaonline.com) if you are interested in learning more about equipment leasing. If the Association receives a positive response from this inquiry, we will arrange lease education workshops this fall to be held in Grand Rapids, Jackson, Saginaw and Farmington Hills for the membership. We look forward to reviewing your feedback.

Legislative Update

by: *Judy Augenstein*
Legislative Consultant, Lansing



The Michigan Chamber of Commerce is raising money to conduct research to determine whether the public would support changes to the term limit law. The Chamber will begin public surveys to determine whether the public would support changes to term limits and changes to the constitution on such legislative issues as redistricting and legislative salaries. Currently, House members may serve no more than three terms in their lifetime, for a total of six years. Senators may serve no more than two terms, for a total of eight years. The governor, attorney general and secretary of state are limited to two terms. An unintended consequence of term limits has been a fierce drive to raise money in preparation of elections. Before term limits, lawmakers running for re-election generally did not have to raise much money to stay in office. Now, legislators rush to raise money so they can prepare for their next election to public office. Another issue, particularly in the House, is the short period of time a legislator with little experience has before being elected to a leadership position. The growth of inexperienced legislative staff as legislators serving shorter tenures have more difficulty wrestling with various complex issues has become another unintended issue.

Republican legislators have mostly written off Governor Jennifer Granholm's plan to lower the state's business tax on manufacturers in exchange for hiking taxes on the insurance industry and other sectors, opting instead to propose either a counter-proposal that cuts business taxes across the board or

proposing nothing at all. The Senate Finance Committee and the House Tax Policy Committee continue to debate the issue. The real decision for Republicans will be either to offer a counter plan, which cuts taxes across the board and may not be revenue neutral or doing nothing, letting the SBT sunset in 2009 and dealing with the hole in the state budget at that time.

The House Appropriations subcommittees are winding down two months of taking public testimony on state spending and now are beginning the new process designed to prioritize every item in the budget. Having scuttled the traditional method of putting each department or major budget area into its own bill in favor of grouping spending items under "results" that House Republicans want to achieve with the state's budget, several subcommittees' members have filled out "ballots" listing the programs in order of priority. The theory, as outlined in "The Price of Government," a book that the House GOP is using to craft the budget, is that the House will go down the list and fund programs until available money runs out. Those programs below the threshold will receive reduced or no funding. The Senate opted to work through the traditional budget process and continue to hold hearings on Senate budget bills.

Most of the bills in the Tool and Die Recovery package have been reported out of the House Commerce Committee. Rob Dumont provided excellent committee testimony on behalf of **MTA** and member Bill Carbary of **Mol-Son, Inc.** provided excellent testimony.

Rep. Rick Baxter, sponsor of one of the bills in the package, said the original Tool and Die Renaissance/Recovery package passed in 2003 has been successful, but that it needed expanding in order for the industry to compete in an increasingly globalized economy. Eight of the 20 zones already allowed have been filled and the remaining 12 are expected to be filled by the end of the year.

The bill package would expand the number of recovery zones from 20 to 35 and would set the minimum number of businesses in a cooperative at 4 with a maximum of 20. The only bill on the committee agenda not reported out of committee was the bill to expand the number of recovery zones from 20 to 35 because of cost implications to the state.

The package would change the maximum number of employees required to be in a cooperative from 50 to specify that 50 employees who are actually engaged in the tool and die work of the business entity. That would mean a company could have more than 50 employees if other workers were not involved in the tool and die aspect of the business. The package also specifies that at least 51 percent of a company's employees must work in the tool and die aspect of the company to enter a collaborative.

(Legislative Update continued on page 7)



2005 MTA GOLF OUTING HIGHLIGHTS



The 70th Annual Golf Outing for MTA members was very successful with beautiful weather, 164 golfers and 183 dinner guests, and lots of fun and prizes.

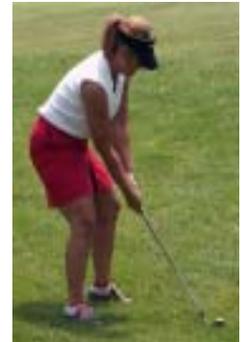
Please see the insert for all the sponsors that helped make this event such a success.

2005 MTA Golf Outing Prize Winners

- **Low Score:** Dave, Ken, Herb, and 'Nuf', **Lasertech-MI, Inc.**, with ten under par.
- **Longest Drive for both fairways:** Chris Reynolds, **Richard Tool & Die Corp.**
- **Million Dollar Shoot-out Qualifiers:**
 1. Rob Scollard, guest of **Superior Cam, Inc.**, with 7" from the cup, shot for the \$1 Million prize.
 2. Tom Piper, **Thunder Bay Pattern Works**, with 63" from the cup, shot for the Cadillac XLR.
 3. Dave Peterson, **Synergy Steel Inc.**, with 66-3/4" from the cup, shot for the Cadillac Escalade.
- **Big Prize Winners:**
 1. **Tiger Tickets:** Lynette Myrosewski, **Thunder Bay Pattern Works**.
 2. **Television:** Orville Parton, **Parton & Preble Inc.**
 3. **Chris Chelios Signed Hockey Stick:** Dave LeVasseur, **East-Lind Heat Treat Inc.**
 4. **American Airlines Tickets:** Paul Toth, **True Industries Inc.**



Fox Hills



Women



MTA President Herb Trute with MTA Managing Director Robert Dumont



Golf



Good Eats



Guess what Dave won!



Low Score Winners - Which one's Nuf?



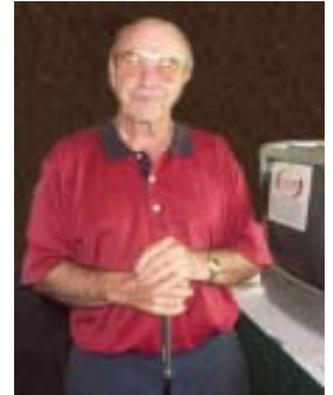
Tigers Ticket Winner - Lynette (left)



Golf



Golf Carts



TV Winner - Mr. Parton



Golf



Million Dollar Qualifiers - Rob, Dave, Tom



Airline Ticket Winner - Paul



More Golf!



And, of course, Cars!



From the Desk of Gary Wood

MTA WCF Administrator



If parts of what you read sound familiar it is because I am updating members on the status of last month's newsletter.

Dividend Checks

The checks for the release of the 2005 Dividend will be processed by the time you read this release. If you have any questions (or do not get a check and you expected one), please call me for an update.

Don't forget where you got the money when your renewal comes up in December!

Fund Policy

Last month you may have read that the Fund has a policy that requires a written drug and alcohol statement.

We do not direct you as to what the program must say, just that you must have a program. Specifically:

- You must have a policy in writing.**
- The policy must be understood by all employees.**
- The policy must be strictly enforced.**

The Trustees have, however, responded to those members that have asked what to use as a guideline for blood alcohol content if there is a test performed due to an injury, pre-employment physical or random sampling.

Since alcohol is not a prohibited substance but merely a regulated substance, a "tolerance level" has been generally assumed by society. Alcohol affects different people in different ways, but the Michigan Secretary of State has included on their website the standards for "*Alcohol and Driving in Michigan*" with the following "tolerance levels":

Operating Under the Influence of Liquor	.10% Blood Alcohol
Operating while Impaired	.08% Blood Alcohol
Under age 21	.02% Blood Alcohol
CDL Driver	.04% Blood Alcohol

Since a CDL driver is considered to be in the course of his employment, the Trustees have elected to accept the state's guidelines for CDL drivers (except in the case of minors who will revert to the lower level) as a work related testing guideline for employees of Fund members. Cases demonstrating a higher Blood Alcohol content will be contested where appropriate.

Loss Control

Representatives of MIOSHA's consultation, education and training division made a presentation to the Trustees on their

soon-to-be released educational CD. The CD is an adaptation of a commercially produced training aide used in the state of Ohio and will be distributed to as many employers as possible in the fall of 2005.

The representatives also promoted forming alliances between MIOSHA and various industry groups throughout the state. Please stay tuned as we research the affiliation and determine the benefits to the members of the Fund.

Many members received our MTA WCF "safety posters" as required to be filed by state and federal law. Our supply is now exhausted; however, once we determine if there are any new changes to the required postings, we will consider the need for a reprint and distribution of the new version. We are now taking reservations for the revised posters.

The staff is conducting an intensive review of all Fund members in an attempt to ferret out those members which have consistently cost the Fund more than they have contributed. The results of the study will be on the agenda of the July Trustee meeting.

Employee Leasing Arrangements

Last month we notified you that the state was inquiring as to the members of the MTA WCF that have established employee leasing arrangements. The MTA WCF and Administrators from several other group funds met with the Workers' Compensation Agency representatives to review the directives.

The result of the meeting was a letter to group funds in the state that they are required to notify the Agency of any Employee Leasing Arrangements in their membership. The letter continues to state that no further action is required at this time.

The story behind the letter: another group fund had filed to include an employee leasing company as a member and was denied. That fund petitioned for a hearing and has vowed to pursue every legal avenue to maintain their right to include leasing companies with the rest of their members.

The Workers' Compensation Agency recognizes that legal recourse on the matter may take several years and subsequently have withdrawn from their earlier ultimatum until the legal battles have been fought. In the end it may all blow-over as there is legislation on tap which may obfuscate the financial advantage of forming an employee leasing company in the first place. The Bureaucratic System at work!

If you have any questions about any of the above information, please contact me at gary@mtaonline.com or 248-488-1172, ext 1316.



Happy Fourth of July!

On the Road with Bill Hoke

MTA WCF Loss Control Coordinator



Free MIOSHA Training CD

By now many of you have heard about the training CD being developed and distributed by the “Michigan Occupational Safety and Health Administration”. If you haven’t, you are in for a very pleasant surprise. As the article below indicates, the state has developed this training compact disc and is making it available to companies covered under the general industry standards. We strongly advise each and every one of you to go on-line now and register for your free copy. We have pre-viewed this disc and feel it is well worth the time and effort you will put forth to obtain a copy. If you were to go out to the marketplace and purchase a similar item, expect to pay several thousand dollars. Don’t delay, register today; and be the first in your neighborhood to say “I’ve got my free CD.”

A complimentary copy of the **Michigan OSHA Walkthrough for Industry CD** is being made available to Michigan’s General Industry sector.

The purpose of this training CD is to provide an overview of select MIOSHA Safety Standards for General Industry. The material is organized in 22 sections covering the material with appropriate film or animation to demonstrate principles. The body of the material will be used by either safety professionals or safety teams for training. The material also can be used individually where flexible scheduling is needed.

To register for your free copy of this CD, go to www.michigan.gov/miosha and under the heading of “Spotlight”, simply click on the “FREE MIOSHA TRAINING CD” and then follow the prompts. For further information, you may also contact the Michigan Occupational Safety and Health Administration at:

Michigan Department of Labor & Economic Growth
Michigan Occupational Safety & Health Administration
Consultation Education and Training Division
7150 Harris Drive, P.O. Box 30643
Lansing, MI 48909-8143
(517) 322-1809



**NONE OF US WHO HAVE ALWAYS BEEN
FREE CAN UNDERSTAND THE TERRIBLE
FASCINATING POWER OF THE HOPE OF
FREEDOM TO THOSE WHO ARE NOT FREE.**

—PEARL S. BUCK

In Memoriam

It is with deep sorrow that **Lacy Tool Company, Inc.** of Novi announces the passing of its president and CEO, Dean F. Lacy, on June 13, 2005.

Dean assumed leadership of the company in 1968 upon the death of his brother, Earl. He is survived by his wife Thelma, son Evan, daughter Holly, six grandchildren and two great-grandchildren.

Dean established a legacy of loyalty, honesty, and integrity, and he will be greatly missed by family, friends and business associates.

Our sincere condolences go out to his family and friends.

(Legislative Update continued from page 3)

The package would allow a tool and die business to enter into a preexisting agreement with the consent of other businesses that are part of the agreement and with the consent of the Michigan Strategic Fund. The measure would prohibit the MSF from requiring a business seeking qualified tool and die status to create a new collaborative agreement if the business can join an existing agreement with other tool and die businesses. If this bill passes and HB 4483, sponsored by Rep. Chris Ward, (R-Brighton), passes, then companies with over 50 employees would have the opportunity to enter into an existing agreement with the consent of that collaborative agreement.

The bills remain on the House floor while GOP leadership continues to work with the Michigan Economic Development Corporation to address MEDC concerns with the bills.

MEMBERS IN THE NEWS



On May 31, 2005, **Phalanx Inc.** of Roseville, celebrated their 40th year in business. “We’re proud to say we’ve added employees and new equipment this year and we’re looking forward to another 40 years in business. Thanks MTA for all you’ve done over the years.”

Rhonda Lee-Morris
Vice President

Our congratulations and best wishes to the above member. Let us know what is happening at your company. We would like to share it with all our readers.

THE MARKETPLACE

Equipment for Sale:

A Parker 824 bench style tubing bender (Teledyne Republic 624) with 1/2"OD thru 1-1/4"OD radius block dies for Hydraulic Tubing. The bender is mounted on a custom made bench with Rapistan 6" ballbearing casters and a 3-1/2" bench vise.

Asking price: \$4,500.00

Contact: Jerry @ 248-522-6145 or 248-719-5060.

Be an MTA Website Sponsor

For as little as 82 cents a day (less than a cup of coffee!), you could have your company logo displayed on MTA's homepage along with a link to your company's website. Check it out at www.mtaonline.com. Click on the 'Sponsorship Ad' button down on the right-hand side for a printable sponsorship application.



MTA List of Endorsed Service Providers

- ❖ **Assurant Benefits** (formerly Fortis) (life insurance)
MTA contacts: Mark Tyler 248-489-8505
Stella Krupansky 248-488-0300 ext. 1310
- ❖ **Blue Cross Blue Shield/BCN** (health insurance)
MTA contacts: Mark Tyler 248-489-8505
Elaine Burger-Laskosky 248-488-0300 ext. 1309
- ❖ **Federated Ins.** (property & casualty insurance)
Provider contact: Todd Bishop 800-428-4143
- ❖ **Freedom One Financial Group** (401(k) programs)
Provider contact: Leslie Goodwin 248-620-8100
- ❖ **Hertz** (car rentals)
Provider contact: 800-654-2210
- ❖ **John M. Packer & Associates** (unemployment)
Provider contact: Nathan Wiest 800-482-2971
- ❖ **LDMI/Custom Telecom** (phone/communications)
Provider contact: Kathy Schaumburger 866-332-1200
- ❖ **Lower Electric, LLC** (energy supply)
Provider contact: 866-569-3788
- ❖ **Office Depot** (office supplies)
Provider contact: Ron Sorey 800-578-9675 ext. 5721
- ❖ **Total Energy Company** (energy auditor)
Provider contact: Gary Haga 269-639-7402

Inflation Talk

CPI-W Urban Wage Earners and Clerical Workers

Month	82-84	1967	57-59
May 2005	190.0	566.0	658.2*
April	190.2	566.4	658.9*
Mar	188.6	561.9	653.4*
Feb	187.3	557.9	648.8*
Jan	186.3	554.9	645.4*
Dec	186.0	554.2	644.3*
Nov	186.8	556.3	647.1*
Oct	186.5	555.7	646.1*

CPI-U All Urban Consumers

Month	82-84	1967	57-59
May 2005	194.4	582.4	677.3*
April	194.6	582.9	677.9*
Mar	193.3	579.0	673.4*
Feb	191.8	574.5	668.2*
Jan	190.7	571.2	664.4*
Dec	190.3	570.1	663.0*
Nov	191.0	572.2	665.4*
Oct	190.9	571.9	665.1*

Note: May 2005 CPI-W represents a 2.9% increase from one year ago; CPI-U 2.8% increase.

* Base Year 1957-59 is no longer released. BLS has issued the following conversion factors from the 82-84 year:

CPI-W—.2886674 CPI-U—.2870447

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Send to MTA—Attention: **ToolTalk** Editor.